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Message Text

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PAGE 01 BONN 17788 131742Z

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ACTION OES-04

INFO OCT-01 EUR-12 ISO-00 AID-05 SSO-00 AGR-05 L-02 EB-04

IGA-01 AEC-05 AECE-00 FRB-01 INR-05 CIAE-00 RSC-01

IO-10 NASA-01 OMB-01 TRSE-00 INT-05 SS-15 NSC-05

NSCE-00 INRE-00 /083 W
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O 131726Z NOV 74
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 6239

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DEPT PASS AID

E. O. 11652: N/A
TAGS: TGEN, GW
SUBJECT: OFFSET R&D, URANIUM ENRICHMENT, AID PROPOSALS

REF: (A) STATE 249409, (B) BONN 16709

1. SUMMARY: FRG ANTICIPATES COMPLETION OF OFFSET R&D NEGOTIATIONS IN NEAR FUTURE AND URGENTLY REQUESTS AEC RESPONSES ON TWO OUTSTANDING POINTS. AID PROPOSALS HAVE BEEN SUBMITTED FOR REVIEW TO MINISTRY OF RESEARCH AND TECHNOLOGY, THE RELEVANT OFFSET MINISTRY. IN EMBASSY VIEW, FOR REASONS OF NEGOTIATING TACTICS AND GERMAN ORGANIZATIONAL RESPONSIBILITIES, IT IS UNWISE TO COMPLICATE THIS NEGOTIATION AT THIS LATE DATE BY CONTACTS WITH FRG MINISTRY OF ECONOMIC COOPERATION. END SUMMARY.

2. MINISTRY OF RESEARCH AND TECHNOLOGY INFORMED EMBASSY THAT FRG HOPES TO COMPLETE OFFSET R&D NEGOTIATIONS IN NEAR FUTURE, POSSIBLY BEFORE NOVEMBER 22. TECHMIN REP HAS REQUESTED PRESENCE OF EMBASSY'S
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PAGE 02 BONN 17788 131742Z

MINISTER FOR ECONOMIC/COMMERCIAL AFFAIRS, S&T

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

COUNSELOR AND FINANCIAL ATTACHE AT THIS SESSION
IN HOPE THAT REMAINING POINTS CAN BE CLEARED UP AND
ARRANGEMENTS INITIATED FOR TRANSFERS OF SOME GERMAN
FUNDS TO USG.

3. PRIOR TO THIS SESSION, TECHMIN URGENTLY REQUESTS
RESPONSE TO OUTSTANDING PROBLEMS ON US SIDE, I.E.
AEC PROPOSALS FOR SUPPLY OF ENRICHED URANIUM UNDER
ARTICLE 4A OF AGREEMENT AND AEC REVIEW OF GERMAN
PARTICIPATION IN THREE REACTOR SAFETY EXPERIMENTS
(SEE PARAS 3 AND 4, REF B). TECHMIN REP EXPLAINED
THAT HIS GOVERNMENT IS RELUCTANT TO PROCEED WITH
DISCUSSIONS OF OFFSET R&D PROGRAM UNTIL US VIEWS ON
THESE TWO POINTS ARE KNOWN. EMBASSY WOULD APPRECIATE
RESPONSE ASAP.

4. RE AID PROPOSALS AND REF A: FRG MINISTRY FOR
RESEARCH AND TECHNOLOGY HAS BEEN ASSIGNED ACTION
RESPONSIBILITY FOR OFFSET R&D PROGRAM. TECHMIN HAS
EXPRESSED INTEREST IN SOME OF AID PROPOSALS ALTHOUGH
TECHMIN REPS CAUTION THAT SUMS AVAILABLE FOR THIS
PURPOSE WILL BE SMALL. AS NOTED REF B, NEW FRG
MINISTER OF RESEARCH AND TECHNOLOGY IS INTERESTED IN
R&D PROJECTS OF INTEREST TO LDC'S, PARTICULARLY THOSE
RELATED TO THE TRANSFER OF TECHNOLOGY TO THE LDC'S. TECH-
MIN REPS INFORMED EMBASSY THAT NEW GERMAN PROGRAM
BEING DEVELOPED WILL BE FULLY COORDINATED BETWEEN TECH
MIN AND MINISTRY OF ECONOMIC COOPERATION AND THAT
MINECONCOOP MAY EVEN FINANCE PROJECTS DEVELOPED BY
TECHMIN. TECHMIN REP HAS EXPLICITLY REQUESTED THAT
EMBASSY NOT RPT NOT DISCUSS AID PROPOSALS WITH
MINECONCOOP UNTIL HIS MINISTRY HAD COMPLETED THEIR
REVIEW OF THESE PROPOSALS AND DEVELOPED FORMAL
COORDINATED FRG POSITION.

5. AS RECOGNIZED IN STATE 208408, THE AID PROPOSALS
WERE INTRODUCED LATE IN THIS LENGTHY NEGOTIATION.
ROUGHLY DM 80 MILLION SEEM FINALLY COMMITTED (SEE STATE
219004). THE FRG WILL WISH TO USE SOME OF THE BALANCE
FOR HEALTH AND SPACE PROJECTS .
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WE CAN ANTICIPATE, THEREFORE, THAT ONLY
LIMITED FUNDS FROM ANY FRG SOURCE WILL BE MADE
AVAILABLE FOR THE PROJECTS PROPOSED BY AID, AS TECHMIN
REP HAS WARNED. IN EMBASSY'S JUDGEMENT, WE MUST WAIT FOR
PENDING TECHMIN RESPONSE TO OUR INITIAL PRESENTATION
OF THE AID PROPOSALS. CONTACTS WITH MINECONCOOP
REPRESENTATIVES IN BONN, OR ELSEWHERE, COULD
COMPLICATE THE FINAL STAGES OF THE NEGOTIATIONS AND

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DELAY A SATISFACTORY RESOLUTION OF THE FRG OFFSET
OBLIGATION PRIOR TO THE JUNE 30, 1974 DEADLINE.
HILLENBRAND

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